

Events Facility Task Force

Report to Mayor Coleen J. Seng November 9, 2006

To view this report and its attachments, visit the City website at lincoln.ne.gov.

Introduction

The Events Facility Task Force issued a report to Mayor Seng in October 2005 detailing the information members had gathered during six months of fact finding, discussion and decision making. The Task Force's work resulted in eight basic recommendations, which can be read in full on page 2 of that report.

In short, the Task Force recommended that:

- The State of Nebraska, State Fair Board, University of Nebraska-Lincoln, City of Lincoln, Lancaster County and Lancaster County Agricultural Society approach the issue of events-related physical facilities in a unified manner that produces an integrated plan.
- The Lincoln community would be well served by building an arena, a hotel/convention center and an exposition center in a planned sequence.
- The preferred location for a future arena and hotel/convention center is the west Haymarket District.
- The State Fair Board and the Lancaster County Agricultural Society should combine their operations into a single consolidated campus with a new or expanded exposition center to serve both their needs.
- The best outcome for the community only will occur if the governmental bodies act together to capitalize on their complementary powers to plan, fund, build and manage new facilities.

The original Task Force members were:

Dick Campbell, Chair, Chamber of Commerce; Rick Bjorklund, State Fair Park; Tom Lorenz, Pershing Center; Dale Gruntorad, Lancaster Events Center; Harvey Perlman, University of Nebraska-Lincoln; Deb Schorr, Lancaster County Board, County Visitor Promotion Committee; Don Herz, City of Lincoln, Finance Department; Lori McClurg, State of Nebraska; Kent Seacrest and Roger Larson, West Haymarket; Polly McMullen, Downtown Lincoln Association; Wendy Birdsall, Lincoln Convention & Visitors Bureau; and Ron Ecklund, Lincoln Independent Business Association. Ann Harrell, Mark Bowen and Darl Naumann, City of Lincoln, provided staff assistance.

In submitting their report to the Mayor, the Task Force members asked her to re-authorize them to continue pursuing their recommendations, which she agreed to do. The Task Force also invited new members to join the group: Ron Snover and Alan Wood, Lancaster County Agricultural Society; Amy Tipton, Pershing Center Board; and Tam Allan, State Fair Board. In the months following October 2005, Rick Bjorklund left the Nebraska State Fair and his role was assumed by Joseph McDermott; and Lori McClurg left the State of Nebraska and her role was assumed by Gerry Oligmueller.

Working Groups Appointed

Dick Campbell organized the reconstituted Task Force into four working groups assigned to further study of the arena, hotel and convention center; the exposition center; financial considerations for each of the two projects; and site analysis for each of the two projects. It should be noted that the financial and site analysis groups reached out to the community for volunteer assistance from professionals in these fields, which was generously supplied, and the Task Force is very grateful to those individuals and their companies for their support.

As its first step, the arena/convention center group took one more look at eight sites suggested as alternatives to the west Haymarket immediately after the October 2005 report was released. The group concluded that the west Haymarket site remained the preferred location.

(For more information about the eight sites, see attachment “A”.)

The arena/convention center group, led by Tom Lorenz, and the exposition center group, led by Ron Ecklund, reported their conclusions to the full Task Force on March 2, 2006.

The arena/convention center group concluded that:

- A new arena should have at least 15,000 seats with suites and club seating.
- The community should explore a cooperative arrangement to host University of Nebraska-Lincoln events in the new arena.
- The arena should be financed through partnerships that make use of multiple funding strategies.
- West Haymarket is the right choice because it offers the greatest number of shopping, dining and entertainment opportunities nearby.
- Lincoln should seek a private developer to build the hotel and convention center.
- The convention center should offer at least 35,000 to 50,000 square feet of exhibition space and at least 20,000 square feet of banquet space.

(For the full report from the arena/convention group, see attachment “B.”)

The exposition center group, led by Ron Ecklund, produced a side-by-side comparison of State Fair Park and the Lancaster Event Center. The comparison covered everything from physical features and legal structures to floodplain maps and future expansion plans.

(For the full reports from the exposition center group, see attachment “C”.)

Design Sessions Held

With the March 2 information in hand, the site analysis group invited members of the professional community to participate in two design sessions. The March 30, 2006 session offered the community an opportunity to explore how an arena, hotel/convention center and associated development might be handled in the West Haymarket. The April 6, 2006 session looked at how the State Fair Park and the Lancaster Event Center might be improved, expanded or re-planned to accommodate a single exposition center serving both the Nebraska State Fair and the Lancaster County Fair.

(To review information distributed at the design sessions, see attachment “D”).

Design professionals, including architects and engineers, worked with city staff following the community design sessions to refine the ideas suggested by participants. The results were presented to the Task Force on May 25, 2006 as a set of alternative site plans for the west Haymarket, State Fair Park and Lancaster Event Center.

The Task Force narrowed nine site plans for west Haymarket to three preferred choices. The Task Force also narrowed two site plans for State Fair Park to one and four site plans for Lancaster Events Center to three.

(For the site plan alternatives, see attachment “E”).

On October 12, 2006, the Task Force selected as its first choice site plan “4A,” which shows the arena west of Lincoln Station and the convention center south of the Harris Overpass. The Task Force ranked site plan “6” as its second choice, showing the arena south of the Harris Overpass and the convention center behind Lincoln Station. Site plan “1” was ranked third, showing the arena at the north end of the Haymarket and the convention center behind Lincoln Station.

Although the Task Force assigned these rankings, the members agreed all three remain viable alternatives.

The summer of 2006 was devoted to three tasks:

- Continued analysis of candidate sites in support of the other Task Force subcommittees, including floodplain assessment and flood storage evaluation, infrastructure development considerations, and event facility costs, a process led by Kent Morgan of the Lincoln-Lancaster County Planning Department.
- Estimating costs to build an arena in west Haymarket and an agricultural exposition center at either State Fair Park or the Lancaster Event Center, and identifying potential revenue sources for each, a process led by Don Herz. Potential revenue sources also were rated in terms of how much money each might produce and how challenging each might be to achieve.
- Devising five possible governance structures in ascending levels of formality that could provide overarching management of Lincoln’s community event facilities, a subcommittee comprised of Dale Gruntorad, Kent Seacrest, Roger Larson, Wendy Birdsall and Lauren Wismer.

(For more detailed site analysis, see attachment “F”.)

(For the funding sources and uses analysis, see attachment “G”.)

(To see the various governance models, see attachment “H”.)

Arena Economic Impact Analysis

Also during the summer and fall of 2006, Dr. Eric Thompson of the University of Nebraska-Lincoln Bureau of Business Research prepared a report addressing some of the economic consequences of developing a new arena in Lincoln. In particular, the report estimates the potential economic impact of the proposed project. The report estimates the net increase in business receipts, employment and income the project can bring to Lincoln.

In short, Dr. Thompson concluded that “there is a large positive economic impact during the construction period. Economic gains outweigh losses in the years after the arena opens when tourists are coming to Lincoln but bond debts are being paid. There is a positive net economic impact each year that the arena is completed and in operation.”

It should be noted that this report is not a benefit-cost analysis. It does not consider the consequences of the arena’s contribution to the City’s quality of life. Rather, its focus is limited to economic impact.

(To read Dr. Thompson’s analysis, see attachment “I”.)

Direction Reaffirmed

The full Task Force reconvened on September 21, 2006. At that meeting, members reconfirmed their short list of preferred site plans for an arena and hotel/convention center in west Haymarket and for a single exposition center at State Fair Park or the Lancaster Event Center. The Task Force also heard a report from Kent Seacrest on the five governance models designed by his subcommittee.

At the September 21 meeting, discussion prompted by the governance models presentation suggested disagreement among Task Force members as to the original October 2005 recommendation that the Nebraska State Fair and the Lancaster County Fair co-locate at a single exposition center. As a result of that discussion, Dick Campbell convened a Task Force meeting on September 28, 2006 at which each member was asked to answer three questions directly:

1. Do you agree or disagree that the two fairs should co-locate?
2. Do you believe these two organizations will need future tax support?
3. Do you prefer an informal cooperative governance structure or a more formal overarching governance proposal?

At the September 28 meeting, the majority of Task Force members answered the three questions with their own personal opinions. The majority said they believe the two fairs should co-locate to eliminate competition for events during times when the two fairs are not taking place; that the two will require future tax support to such an extent that co-location would be advantageous; and that they prefer a more formal governance model.

Also at the September 28 meeting, the Task Force concluded that it would be best not to recommend any specific formal governance structure at this time. Instead, the members agreed it would be better if the State Fair Board and the Lancaster County Agricultural Society explore governance at a later date.

An estimate of what it would cost to update and expand both State Fair Park and the Lancaster Events Center in accordance with the most current master plans for each was reviewed by the Task Force on October 26. The estimate, prepared by an ad hoc group led by Don Herz, looked at what it would cost to improve both facilities without co-location; what it would cost to co-locate at State Fair Park; and what it would cost to co-locate at the Lancaster Events Center. The ad hoc group concluded it would cost less to co-locate at either site than it would to improve both and have the fairs remain at separate sites.

Task Force members disagreed about how current the master plans used to prepare the estimates actually were for both State Fair Park and the Lancaster Events Center. Some members questioned whether the plans used still were valid enough to warrant their use.

(To read the cost estimates, see attachment “J”.)

Position Statements

Both the Lancaster County Agricultural Society and the State Fair Board issued position statements regarding the Task Force’s work. In short:

- The Agricultural Society endorsed the Task Force recommendation calling for co-location and endorsed co-location on 84th Street.
- The State Fair Board concluded that co-location would be problematic, that the 84th Street location is not suitable and that the Nebraska State Fair should remain at State Fair Park.

(The full formal positions of each board are contained in attachment “K.”)

Conclusions

On October 12, the Task Force recommended that:

- The Mayor should carry the West Haymarket project forward and appoint a new citizen group to build on the Task Force’s work, educating the community about the vision that has been developed.
- The community should retain an independent professional consulting firm to review and validate the financial information gathered by the Task Force.

On October 26, the Task Force approved the following resolution:

- “This group finds that there is a plausible case that co-locating the two event organizations (Nebraska State Fair and Lancaster County Agricultural Society) could make both better at less cost, and we recommend that the two organizations and their stakeholders seriously examine co-location and engage in a process to determine public support and the financial implications of co-location as soon as possible.”

On November 2, the Task Force selected as its first choice for a co-located facility site plan “B3,” which would place the agricultural exposition center on 84th Street. Although this was selected as the first choice, the members agreed all four site plans for co-location remain viable alternatives. Representatives of the State Fair Board and the State of Nebraska voted against the motion identifying “B3” as the preference.

The State of Nebraska representative recommended that the Task Force not indicate a preference for co-location on 84th Street versus State Fair Park because 1) the cost estimates and presumed savings to move the State Fair to 84th Street are based upon significant and immediate increased public spending not only by the City of Lincoln and Lancaster County, but also the State of Nebraska (Nebraska Legislature), 2) the cost/savings estimates do not consider any costs to the State of Nebraska associated with continued maintenance and re-use of the vacated State Fair Park, and 3) is contrary to the spirit of the October 26 resolution calling for further examination by both the Nebraska State Fair Board and the Lancaster County Agricultural Society of co-location alternatives.

(For the site plan alternatives, refer back to attachment “E.”)

The final motion approved by the Task Force on November 2 encouraged the City of Lincoln and the Lancaster County Agricultural Society to work toward resolution of the legal issues surrounding advertising on the sign in front of the Lancaster Events Center.

The Task Force presented its report to Mayor Seng on November 9, 2006.

Events Facility Task Force Report Frequently Asked Questions (FAQs)

What is the difference between an arena, a convention center, exhibition center and an agricultural exposition center?

An arena is traditionally described as a large public assembly facility that is designed to provide exceptional seating opportunities to a maximum number of patrons. The seating configuration is in an elongated oval and the seating surrounds a performance or competition floor. The arena is configured to host events like basketball, hockey, concerts, indoor rodeo and circuses. Large scale family shows like Sesame Street and Barney, indoor motor sports including monster trucks, motocross and extreme sports and indoor football are also potential and common uses for an arena. Classic arena examples would be Hilton Coliseum in Ames, Iowa, Kemper Arena in Kansas City and the Target Center in Minneapolis.

The size of an arena floor can vary from something as small as 16,000 square feet which is Pershing's floor size to over 30,000 square feet. That large floor area lends itself to being a large trade show floor, a large banquet floor set or exhibition floor for large equipment shows. Generally floor access to an arena is large enough to allow large trucks and vehicles adequate access to the floor. An arena also will have large concourses and foyers that can be used for banquet, display and exhibit show space. Meeting rooms in the arena or club/suite level spaces within the building can serve as meeting spaces for various sized local groups and the service infrastructure of the building can more than adequately service these ancillary areas. Because of the ability of an arena to host an event with 16,000 patrons, a trade show with 250 booths or a small meeting of 50, it is a very versatile and multifunction facility.

A convention center is a facility that is designed to host trade shows and exhibitions. The physical building will have a large clear span exhibit space with 35' foot ceilings, utilities and data connections in the floor. The space will be divisible into smaller "halls". Multiple truck docks for exhibitor access are another key factor. A typical convention center will also have an area that is finished with hotel quality accoutrements for formal dinners and luncheon functions. Minimum exhibition hall space would be in the 30,000 square foot range plus pre-function space, break out rooms and service areas. Convention centers are not normally configured for concert activities. A convention center can host car shows, boat shows, RV and equipment shows. A key benefit drawn from convention centers are the room night and ancillary spending from convention exhibitors and out of town attendees. If a convention center would be built in Lincoln it is conceivable that UNL departments and research divisions could host plenary sessions and academic conferences that would benefit both the City and the University. Several key local businesses and manufacturers would also be able to host exhibit shows "at home".

An exhibition center would be a facility similar to a convention center. The configuration of an exhibition center would be a large exhibition hall of potentially 75,000 to 100,000 square feet of contiguous space. The interior finish would be less formal and ideally utility service locations would be strategically placed throughout the building. Pre function space, high finish break out spaces and hotel quality ancillary amenities are lower priorities. Typical events held in exhibition center would include RV shows, farm and agricultural equipment shows, swap meets,

car shows, gun shows, boat and travel shows and heavy construction equipment exhibitions. Because of a less formal level of finish livestock exhibitions and pet shows are also events that would be hosted in an exhibition center. An exhibition center would be an important complimentary facility on the site of an entity like the State Fair or the Lancaster Event Center.

An agricultural exposition center would be closer to an arena in configuration. It would be a larger floor space either dirt or concrete that is surrounded with spectator seating. Horse shows, livestock exhibitions, antique tractor and horse pulls and livestock clinics would be normal uses for an agricultural exposition center. Because of the need for keeping the patron or participant close to the exposition floor the seating capacity is less than an arena built for basketball and major level concerts. Patron amenities might include a pre event foyer, concessions stands, merchandise stands and some break out meeting rooms. An agricultural exposition center would be an important complimentary type of facility for any entity that would focus on large livestock or agriculturally based shows and expositions.

Can Lincoln realistically hope to draw major concerts to a new arena?

Yes. Concert performers and promoters are interested in Lincoln as a destination. If the arena is large enough to generate sufficient revenue to cover the costs associated with major concerts, they will come to Lincoln. Nebraska has shown that on a football weekend 85,000 plus people will come to downtown Lincoln for a quality event. A significant percentage of the attendees at West Center events come from Lincoln and communities adjacent to Lincoln. Lincoln supports live events and a new arena can successfully attract top “A” level performances.

If a new arena is built, what will happen to Pershing Center?

Multiple options exist for Pershing.

One consideration would be that after the construction on a new arena is complete, an infrastructure update could be done to the Pershing structure so that small and mid-size events could still be held at Pershing. Having a new arena and a mechanically sound Pershing would significantly expand the ability of Lincoln to increase event, convention, meeting and exhibition offerings for the entire community. A shared governance and operations staff with the new arena would provide an economical way to keep Pershing viable and usable for the foreseeable future.

The Lincoln Library Board examined a second consideration for a future use of Pershing. A local architect studied the Pershing structure and gave the library a preliminary estimation that Pershing could be converted into a 150,000 square foot library space that could replace the current Bennet Martin library. Pershing’s location on Centennial Mall close to museums and midway between the UNL campus and the state capitol would make a major library on the site a very desirable possibility.

Additionally, the location of Pershing again could make it an attractive property to be converted into a state, county or city government facility. Other similar facilities in urban areas have been converted into science museums.

Why is the prime site for a new arena west of the Haymarket instead of the State Fairgrounds?

An arena fulfills many functions. It is a public assembly facility, a sports venue, and a visible icon/symbol for a community and an economic engine that supports existing businesses and encourages new developments. When you examine the entire matrix of uses, client base and the potential for adjacent business support and new business development, the Haymarket site offers the best mix of positive factors. Finding a site requires more than just physical space for the venues footprint. The symbiotic relationship between an arena and the surrounding support businesses of hotels, restaurants, retail space, parking, the UNL campus, urban residential space and proximity to other sports venues points toward the Haymarket site as the place where a significant investment of public funds can make the largest positive impact.

Secondary reasons for the Haymarket site vs. the State Fair location include the inability for the city to capture incremental tax revenues from state owned land and the lack of business development i.e. hotels, restaurants and retail adjacent to the fairgrounds.

Will UNL play men's and women's basketball at a new Haymarket area arena?

The involvement of UNL and its sports teams in a new arena is not presupposed. Nor is UNL's involvement key to the advancement of the proposed arena project. A new arena will be built to specifications that would readily accommodate basketball and other high school or college level sports. UNL has been a participant in the Task Force discussions and they have not voiced a commitment to be a participant in the construction and or use of a new facility. Major college programs across the country are leaning more toward facilities that can be committed to a specific sport use 24/7 every day of the year. The proposal to build a new arena in Lincoln to replace or augment Pershing assumes a wide event mix of concerts, sporting events, dinners, conferences, trade shows and other similar events. This vision for a "City Arena" is not easily compatible with an athletic department type of vision that might look more readily toward a venue that is largely committed the vast majority of the time to accommodating a major Division I athletic program. It is not assumed though that at sometime in the future if a new arena is built that a mutually acceptable arrangement could be negotiated that would allow UNL or other regional athletic teams to play in the facility.

What are the benefits to locating in the Haymarket area?

Compared to other proposed locations, the West Haymarket has several advantages. The site will be comparatively easy to assemble. There are a limited number of landowners who will be affected and preliminary discussions with those owners indicate a willingness to consider proposals. The location is very close to hotels, restaurants, retail and the other attractive amenities available in downtown Lincoln. A nearby arena will enhance these businesses and the arena will similarly benefit from having these attractive patron amenities close. The location is close to multiple parking options including the Haymarket Parking Garage, the Saltdogs flat lots and surface lots that are anticipated to be part of the overall project. The nearness to the Football Stadium and the University could create opportunities for pre-Husker game activities and other similar university based events.

Is the proposed arena site in the flood plain and how does that affect the project?

Yes, much of the property for an arena and other redevelopment opportunities in Haymarket West - notably near the Lincoln Station and south of the Harris Overpass - is within mapped floodplains. This situation in and of itself does not, however, preclude the use of these sites for future development. Site preparation and other flood management techniques can be employed to provide water storage capacity lost because of new development. The floodplain in the area suggested for possible redevelopment is relatively shallow and flood mitigation can take place. The City of Lincoln is working on a new flood management program for Salt Creek. If adopted, this program could be instrumental in securing a workable solution to the floodplain situation in this vicinity.

What happens to the railroad tracks in the West Haymarket area?

The majority of the rail yard in West Haymarket is currently used for storing rail stock that is awaiting repair. The repair yard is now located in Havelock. During informal discussions with railroad officials it became apparent that:

The railroad was interested in working with City officials to discuss and explore the possibilities of developing the land in question in West Haymarket.

The railroad is interested in consolidating their rail lines to the western edge of the West Haymarket area. This consolidation of tracks would allow for a more efficient movement of trains through the area thereby increasing their efficiency.

The multi track storage facility is not needed in West Haymarket; there is sufficient land capacity for storage in the Havelock yard.

The Amtrak line that currently runs directly west of the Lincoln Station building could be part of the consolidation of rail lines to the west of the property bordered on the east by Lincoln Station and on the west by the Salt Creek drainage berm.

What about the US Post Office site?

During the initial phase of the Task Force discussions, the West Haymarket Postal Office site was considered one of the leading locations of interest. Informal discussions with Postal Officials indicated that sometime in the future the Postal Service might consider moving out of the Haymarket area to a location that had better truck access and a single level mail processing area but in the short term no immediate plans existed to leave their present site. While the site is logistically a good option, the reality of the situation makes it less desirable because of the long time line associated with securing that location. Should the current perceived situation change significantly and if the site became rapidly available, that location would be reassessed.

Will there be suites in a new arena?

A new arena would have suites and club seating. Suites and club seats provide areas for a higher level of comfort and service to be available to event patrons. Suites and club seats also provide an important revenue stream to the arena operations.

How would a project like a new arena be financed?

The Mayors Task Force Technical Finance Subcommittee in a report attached to the final project identified over 30 annual and one time potential funding sources to apply to an arena project. The report details the sources of funding and assigns a ‘level of difficulty’ to each source. Some of the potential funding sources are operationally generated, others would be tax based and would require legislative changes. Detail of these multiple funding sources can be found in the main Task Force report and attachments.

What are the “problems” with Pershing?

Pershing Center was designed in the 1940’s. When WWII started the plans for a municipal auditorium for Lincoln were put on the shelf. In the mid 1950’s those same plans were brought out and the decision was made to build Pershing on its’ present site. The design, sizing, patron amenities, parking, number of bathrooms, etc are all designed to meet the needs of a 1940’s based entertainment industry. Never did the designers anticipate shows that would have up to twelve truckloads of equipment, hang tens of thousands of pounds of lighting and sound from the ceiling, feed 250 persons a sit down china plate meal in the backstage area or have star quality dressing rooms for four major egos at once. The designers didn’t anticipate indoor football, monster truck racing, multi court volleyball tournaments or dance and cheerleading clinics that need large warm up area.

Low capacity, aging infrastructure, lack of parking and parking revenue, small concourses that limit food and beverage sales, lack of patron amenities, lack of performer / client amenities, lack of open floor space and a landlocked building footprint combine to make the use and economic return for Pershing less than optimal. The Pershing staff and the City of Lincoln do a good job with a 50 year-old facility but the competition from surrounding communities and the challenges of an out of date physical plant provide sometimes a less than first class experience for the citizens of Lincoln.

What about a Convention Center?

The Task Force has suggested to the Mayor that Lincoln could benefit from a Convention Center type of facility. Many local businesses currently could benefit from a sufficiently large convention space attached to a full service hotel. A new arena will be able to bridge the gap for convention space in the short term. A better long-term solution is a phased approach to build an arena first and work with a private developer to site and construct a nearby convention center and hotel to be built after the arena. The West Haymarket site is again a good fit to allow a private developer the ability to assemble a sufficient amount of land with the proper mix of adjacent support facilities like restaurants, retail, sports complexes and close to downtown.

The current convention space in Lincoln is limited. The major areas that currently function as convention spaces are the Embassy Suites and the Marriott Cornhusker. Additional open span “convention floors” are Pershing Center, the Lancaster Event Center and a couple of different

buildings at the State Fair Park. The hotel spaces are 12,000 square feet or less and the suggestion to the Mayor is that minimum convention space should be 35,000 square feet or more.